

**Self Funded Insurance Services Competitive Sealed
Request for Proposal Process:
Submitted by: Lisa A. Piefer, Purchasing Officer**

Use of Consultant: After receiving a favorable recommendation from the Town of Collierville, staff met with ESP Inc to discuss secured the services of ESP Inc to assist us with review and evaluation of our employee's insurance services.

In reviewing the information on each contract, it was decided to combine all of those services and issue an RFP for their Third Party Administrators Services which will include claims processing, pharmacy benefits management and PPO network services. This would allow the City to evaluate all of the services and be selective in how we move forward as a City.

RFP PROCESS:

- This RFP included claims processing, pharmacy benefits management and PPO network services.
- Purchasing Officer and consultants compiled the RFP documents. Overall, there were over 20 documents compiled for the RFP.
- The RFP was issued and advertised on November 15, 2012. The proposal was sent to ten (10) vendors and over 470 plus vendors were notified with e-notification on the City's website.
- The following Addendum information was sent to vendors prior to proposal opening:
 - Addendum No. 1 – 11/20/12
 - Addendum No. 2 - 11/28/12
 - Addendum No. 3 - 11/30/12
- The Proposal Submittal Deadline was December 6, 2012 at 2:00 p.m. CST. There were five proposals submitted from the following vendors:
 - CIGNA Health & Life Insurance Company (CHLIC)
 - Express Scripts/Medco (Pharmacy Benefits Management only)
 - Health Cost Solutions
 - J.P. Farley
 - North American Administrators

Note:

- Aetna declined to submit because they only work with a Baptist provided PPO Network Service
- Pittman & Associates did not meet the required 2pm deadline and were disqualified
- TN Blue Cross Blue Shield declined to submit because they did not feel like they had the proper time to submit a comprehensive proposal

Evaluation Process for Third Party Administrator Services Vendor Selection:

- Evaluation Committee Members: ESP Inc. Consultants (Bob & Jeremy Shupe), Patrick Lawton, Susan Hopson, Ernie Moretta and Lisa Piefer.
- All of the proposals submitted were evaluated by ESP Inc. Our consultants recommended that we set up meetings with the following vendors:
 - North America Administrators (Danny Dugan & Patsy Grooms) – 12/13/12 at 1:45pm
 - Health Cost Solutions (Bill Beeler) – 12/13/12 at 2:30 pm
 - Cigna Health & Life Insurance Company (Ryan Kocher, Russ Henderson, & Bethany Cordell) – 12/13/12 at 3:15pm

Note: JP Farley and Medco/Express Scripts are current vendors and staff understood the information submitted; so a meeting with them was not needed.

- On December 13, 2012 from 12-1:30 pm, staff met with ESP Inc. prior to vendor meetings to review and discuss the proposals with committee.
- On December 12, 2012, those three vendors were also sent a list of questions to answer and submit prior to their interview. All vendors submitted as requested.
- After the vendor meetings on December 13, 2012, the committee further evaluated and reviewed the firms. ESP Inc. was tasked with completing the financial analysis of the top 3 vendors: Cigna Health & Life Insurance Company, Health Cost Solutions and North American Administrators. This was submitted to the City on December 14, 2012.
- Staff reviewed all of the summary financial information submitted and notes taken during the interviews on December 17, 2012. Also, staff completed a conference call with consultant to go over the final information and vendor selection. The comparison information is as follows:

	Current Providers - JP Farley, Health Choice & Medco	Health Cost Solutions Health Choice	North America Administrators Health Choice	Health Cost Solutions - Great West Cigna	North America Administrators - Great West Cigna	Cigna Health & Life Insurance Company
Network Costs	3,278,296.95	3,265,816.95	3,254,536.95	2,661,355.25	2,650,075.25	2,327,825.20
Drug Savings	102,639.00	235,148.00	175,536.09	235,148.00	175,536.09	205,801.00
Total Costs	3,175,657.95	3,030,668.95	3,079,000.86	2,426,207.25	2,474,539.16	2,122,024.20
Difference from Selected Vendor - Cigna Health & Life Insurance Company	1,053,633.75	908,644.75	956,976.66	304,183.05	352,514.96	

- As a result, the following was decided:
 - Staff was directed to contact references on Cigna Health & Life Insurance Company (Wilson County School Board)
 - Contract review was completed by Purchasing Officer with the following findings:
 1. Health Cost Solutions and North American Administrators have agreed to sign the City's contract with no changes
 2. Cigna Health & Life Insurance Company has requested a number of changes and will need to be reviewed and approved with our City Attorney
- After careful review of the information provided by the consultant and discussion with the vendors, Cigna Health & Life Insurance Company will be recommended as the City's administrator for processing claims, pharmacy benefits management and network management at the December 19, 2012 BMA Meeting subject to the review and approval by the City Attorney.